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C O N F I D E N T I A L SECTION 01 OF 02 TEL AVIV 001906

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TAGS: [PGOV](#) [PREL](#) [IS](#) [GOI](#) [INTERNAL](#)

SUBJECT: SHARON INDICTMENT RECOMMENDATION NO SURPRISE; MOST
POLITICAL LEADERS KEEPING MUM

REF: A) TEL AVIV 808 B) TEL AVIV 470 C) TEL AVIV 424

Classified By: DCM Richard LeBaron for reasons 1.4 B and D.

11. (C) Summary: The long-anticipated word this past weekend that State Prosecutor Edna Arbel intends to recommend indictment of PM Sharon on bribery charges leaves unchanged for now the calculus that PM Sharon, if thick-skinned enough, can manage his legal and political problems, and remain in office (Ref A). Neither an eventual indictment request by the Attorney General, nor the necessary parliamentary waiver of Sharon's immunity to allow that indictment, are certain, and, under existing law, Sharon can remain in office until any eventual conviction has been upheld on appeal. Sharon Chief of Staff Dov Weissglas confidently predicted March 28 that no indictment will come forward. Further, media punditry notwithstanding, the possibility of the Supreme Court entertaining a petition forcing Sharon to resign, if indicted, is slim. While a conceivably weakened Sharon could try to cut a deal with the Attorney General to resign rather than face prosecution of both himself and his son Gilad, both Sharons also stand implicated in the so-called Cyril Kern bribery affair, in which observers say the corruption evidence is even stronger. Accordingly Sharon would have to cut deals in two cases to gain any protection. Were he to either resign or be forced from office, Likud would choose from within its ranks a Knesset member -- most likely Bibi Netanyahu -- to form and head this or a new government, without the need for national elections. If the indictment goes forward, Likud leaders and coalition partners will thus have to decide whether they prefer a Gaza-withdrawal-averse Netanyahu to a tainted Sharon -- not an obvious call for many. In the meantime, Sharon has asserted that if any coalition parties quit after his return from Washington later this month, he will form a new government "on the same day." End summary.

Most Party Leaders Have Wait-and-See Approach

12. (SBU) The reportedly unanimous recommendation by State Prosecutor Edna Arbel and her team that AG Menahem Mazuz indict PM Sharon on bribery charges in the so-called "Greek Island Affair" has generated media interest but few demands from opposition or coalition leaders for PM Sharon to step down. AG Mazuz enjoys a reputation as a big picture guy, and one who will demand the strongest evidence before seeking the Knesset vote to waive Sharon's immunity, which would be necessary to pursue an indictment. With indictment still only a possibility, and many tough steps between there and conviction, three of 22 other ministers have spoken out. Tourism Minister Benny Elon of the National Union party and (Shinui) Infrastructure Minister Yosef Paritzky, have called for Sharon's resignation if he is indicted. Hard-line Likud Minister without Portfolio Uzi Landau called on Sharon, if indicted, "to temporarily suspend himself." Paritzky, considered an individualist within his party, does not necessarily reflect his colleagues' views, and Landau and Elon are staunchly against Sharon's withdrawal plans. In contrast, the silence from Labor leader Shimon Peres, Shinui Party leader and Justice Minister Tommy Lapid, FinMin Benjamin Netanyahu and FM Silvan Shalom indicates that it is early in the game to be staking out ground. In each case, leaders have to assess whether they can better achieve their aims -- both personal and for their parties -- with a tainted Sharon or with a likely Netanyahu premiership that would last until the next scheduled national elections in either 2006 or 2007 (Ref A).

13. (C) With Labor quietly considering a possible unity government with Likud if the right wing bolts the coalition over Sharon's Gaza disengagement plan, it has kept its commentary on the indictment low key and restrained. Labor MK Ofir Pines-Paz called on Sharon to "suspend" himself until the AG reaches a decision. Labor MK Dalia Itzik, who had recently met with Sharon on disengagement, recommended that the Labor Party "wait patiently" until the AG reaches a decision. Public comments aside, Labor faces the choice of either sticking with Sharon in the hope of seeing his Gaza withdrawal plan move forward, and possibly getting invited into a coalition if and when the rightist parties bolt over withdrawal, or dealing with a withdrawal-averse Netanyahu.

14. (C) Shinui campaigned in the last elections with an anti-corruption plank, and Interior Minister Avraham Poraz said in January that Sharon would be compelled to resign if indicted. That said, the same "justice" campaigning that got Shinui elected may equally be turned around to an "innocent until proven guilty" position in support of a Sharon willing to withdraw from Gaza. Paritzky's threat that Shinui would leave the coalition rather than serve with an indicted Sharon has not been repeated by the party's other leaders, although one MK made such an assertion to poloff in February. Paritzky went so far as to suggest that Shinui should leave the coalition even absent an indictment if the evidence points to wrongdoing. Justice Minister Tommy Lapid said in January that any conclusions would have to be drawn if and when an indictment were issued.

15. (C) Shinui could well be replaced on the spot, in any event, by the rightist religious parties Shas and United Torah Judaism, themselves home to previous corruption convictions. Shas and UTJ would also be available to replace National Union and the National Religious Party within the coalition, but the latter are unlikely to leave over an indictment, preferring instead to save their thunder for resignations over Gaza withdrawal. While inclusion of Shas and UTJ would challenge the secularist Shinui's continued participation in the coalition, Shinui could, in turn, be replaced by a Labor party determined to support a Sharon withdrawal initiative. Within Likud, as noted Ref A, the gaggle of Sharon successor candidates must evaluate where their personal interests lie. Sharon noted publicly March 29 that he is prepared to replace on the same day any parties that leave the coalition over his withdrawal plan.

How Far to Go in Protecting Gilad?

16. (C) One outstanding issue for Sharon remains the degree to which he will make a decision based on the threat to his younger son, Gilad. Gilad's high-paid consultancy to developer Appel's failed Greek island development project is being taken as key to the bribery charges against the PM. While Sharon enjoys parliamentary immunity, Gilad has no such protection. The degree of his vulnerability to criminal charges in the Greek Island affair is uncertain. Observers note, however, that Gilad is also implicated in the so-called Cyril Kern affair in which it is alleged illegal contributions were funnelled through Sharon's Sycamore Farm to repay other illegal campaign contributions. On March 29, the Supreme Court ruled that Gilad had to hand over to the police all documents and videotapes related to the Appel and Kern cases. Accordingly, Sharon might be prompted as a last resort to try to negotiate a withdrawal of indictment in return for his resignation, but if observers of the respective cases are right, he would need to negotiate for both himself and Gilad and for two separate cases.

Weissglas Dismisses Indictment

17. (C) PM Sharon's COS Dov Weissglas told visiting former Ambassador and NEA Assistant Secretary Edward Djerejian March 28 that the those surrounding the PM are confident Sharon will not be indicted. He added that Arbel's announcement was no surprise. Other statements coming from the PM's office echo this view. Sharon had not issued any statements, but the media speculate that he may address Arbel's recommendation at the Likud Party Convention on March 30, where it is anticipated that rank-and-file Likudniks will support him, since many view the State Prosecutor as being clearly linked to the left.

Post-Indictment Scenario

18. (C) Some media reports speculate, however, that Sharon's Likud and coalition colleagues could exert enough heat to force him to resign upon an indictment. IDF radio reported on March 29 that "senior Likud officials" will ask Sharon to resign if he is indicted. The broadcast also asserted that "close associates of the prime minister" are hinting that Sharon will not remain at his post if indicted.

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